

Present: President Stearn; President Pro-Tem Pfeifer; Members: Craig, Domzal, Munguia and Walsh

Absent: Downey

Also Present: Village Manager, Murphy

President Stearn called the meeting to order at 6:05 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road. This meeting was called as a preliminary budget study session to review the first draft of the 2002/03 budget and narratives.

Murphy referred to a worksheet comparing 2000-2003 expenditures by activity/line item. The percentage change by line item or department reflects modifications that have been made to the budget format this year to provide consistency and better accountability by department and fund operations. Murphy outlined the changes in the format of accounts.

A major focus of this meeting will be to review the mission statement, goals, and objectives of each department and discuss existing policies and consider alternatives before the final budget document is prepared.

Murphy noted that the total budget will increase by 1.25% for 2002/03. He presented an overview of significant changes in the proposed budget from the current year's budget with respect to revenue and expenditures. State shared revenue will decrease by 20% from last year's amount for a total loss of \$80,000. Act 51 money is also down. There is a 20% increase in building permit fees due to raising the fees. The net effect is that property taxes will increase by 3.2%.

There was a discussion of Village attorney fees that led to the policy question of whether the attorney should be present for all Council meetings. Council did not recommend a change from the current practice.

Murphy compared what the Village spends annually on fees for prosecutorial work with revenue brought in from fines. The Village typically breaks even or loses money. There was discussion of possible options for changes in policy direction with respect to prosecutorial services.

The suggestion was made that the Manager meet with the Public Safety Director and Village Attorney to review his cases for the last year and provide Council with a summary report as to the cases tried, the percentage plea bargained or won, and recommendations on how to become more cost effective in that area.

Council proceeded to review and discuss the mission statement, goals, and performance objectives of each department. Questions and comments were addressed by Murphy. Modifications to the text and will be incorporated into a revised document.

Review of the Building and Planning Department budget included discussion of the 14 Mile Road Corridor Study and the direction provided to the Planning Board at the February 19 Council meeting. It was the sense of those members present that the Planning Board should

proceed with developing an overlay zoning district for Council consideration. Members agreed that it is important that there be input from the community on the standards involved in a redevelopment plan for the 14 Mile Road corridor from Greenfield to Pierce Roads. Stearn suggested that Council clarify its motion and direction to the Planning Board at its next regular Council meeting.

Stearn asked Council members if they want more active enforcement of the municipal code in an effort to address substandard homes in the community with respect to property maintenance. Council discussed how increased enforcement could be achieved. It was agreed that the building official needs the tools to increase enforcement. The suggestion was made to use public safety officers to visually inspect houses for blight conditions in the course of their daily patrolling of the Village. Council was in agreement to appeal to the public safety department to notice property conditions and report homes that are in a state of disrepair to the building official.

Council discussed developing requirements for inspection of rental properties in the Village. Murphy commented that the census indicates that Beverly Hills has 300 rental properties. He noted that there is a company that provides rental inspection services for Berkley and Birmingham.

There was a consensus to consider an ordinance that would require registering rental property and provide for rental property inspection. A goal and objective of the building official should be to investigate this topic and report to Council within the year on a rental ordinance.

Council discussed transferring funds from fund balances to advance infrastructure projects. Murphy recommends transferring \$200,000 from the General Fund balance to the Water and Sewer Fund. It is proposed to spend \$500,000 on water main replacement in 2002/03. Murphy mentioned that a 25% increase in water rates is proposed for next year due to an 18% increase in water rates and a possible 35% increase in sewer rates from the City of Detroit with a net effect to the Village of about 25%.

Stearn commented that there are a number of projects that could be undertaken. He questioned whether money should be put towards the park this year and sidewalk construction. He maintains that there are alternate ways of funding water main replacement such as bonding or a dedicated millage. Bonding would allow the Village to continue working on water main replacement and have money for other improvements that have been discussed. Murphy indicated that rates on a bond issue are about 5% currently.

There was agreement that water mains have been neglected and improvements are necessary. Council discussed bonding for water main replacement.

Craig was opposed to bonding at this time. He suggested that Council continue to spend down fund balances for necessary infrastructure programs before going to the voters with lower fund balances and requesting a millage cap increase to continue these programs. If that fails, he would consider bonding. The majority of Council members were not in favor of pursuing bonding for water main replacement at this time.

The ditching program was discussed. Murphy stated that it is proposed to add \$45,000 to an amount that has been set aside for the ditching program for a total of about \$80,000. The amount to be spent on ditching this year will be determined when the engineering report is received in April.

Council agreed that the residents living on Coryell and Stafford need some relief from drainage and road conditions. They would like Spallasso to explore possible ways to improve the road surface without paving the roads.

There was agreement that water mains and ditching are important projects. Council proposed spending \$500,000 on water main replacement this year and adding another \$50,000 to the ditching program for a total expenditure of \$100,000 on ditch work in 2002/03.

Murphy proposes transferring \$200,000 from the General Fund balance to wherever Council feels it is most needed. He questioned whether Council would like to spend the fund balance down further. There is \$1.8 million in the General Fund balance. The 20% recommended level for the General Fund balance would be \$1.2 million. It is proposed to take \$200,000 from the fund balance for water main replacement. An additional \$400,000 could be spent in the next budget year and retain the fund balance above the 20% level.

Stearn was concerned that the Village will have to look at the fund balance next year for essential services. Money for general operations will not be there unless we go out for a millage cap increase. Council members expressed their views on spending down the fund balance. Domzal sees the expenditure on capital improvements as a good investment as opposed to having the money in the bank.

Stearn proposes transferring not more than \$300,000 from the General Fund balance. He suggests spending the money set aside for ditches in the current year and allocating \$100,000 from the fund balance for the ditching program in the next fiscal year.

In answer to an inquiry, Murphy thinks that a good job is being done on bringing down fund balances in the Major and Local Road Funds and Water and Sewer Fund to provide for infrastructure improvements. He is concerned about the level of the Water and Sewer Fund balance at only \$800,000 considering the unknowns with respect to future expenses. He is trying to be conservative in spending the Water and Sewer Fund down.

The Five Year capital budget shows a \$2 million need for the water main program. Massive water and sewer rate increases are anticipated from the City of Detroit with no end in sight. There are as yet unknown costs associated with the Evergreen Farmington rehabilitation program and the DEQ's Storm Water Pollution Prevention Initiative.

Stearn added that there is a shortfall projected on the Village's sewer rehabilitation project. He has been looking at that fund balance as partial relief. Stearn concurs with retaining a higher fund balance than 20% in the Water and Sewer Fund.

Craig suggests redefining the Sewer and Water Fund balance as encumbered and unencumbered money if there is agreement to build up funds for sewer rehabilitation shortfalls.

There was no consensus to allocate General Fund money towards park capital improvements this year.

Murphy informed Council of a request from the Parks and Recreation Board to increase the allocation for special events. Council discussed the special events in the park, noting that the summer concerts have not been successful. Domzal mentioned that the first concert this year will include a grand opening celebration of the new park improvements. Changes are being made to improve the event. This current funding of the concerts will be re-evaluated next year. It was suggested that Council will have to decide what it will and will not fund for park special events at some point.

Council agreed to increase the allocation for Winter Family Fun Day from \$1,000 to \$1,500; the budget for the summer concert series was increased from \$4,500 to \$6,000; \$1,000 was added to the budget to sponsor the Beverly Hills Little League. An increase for the Halloween Hoot budget from \$2,000 to \$2,500 was included in the budget as agreed upon by Council at a previous meeting. The total budget for special park events is \$11,000.

Domzal proposed that the Village should direct resources to a foundation and fund charitable organizations in that way.

Sidewalk maintenance was a topic of discussion. The engineering department conducted a survey of existing sidewalk and prepared a list of areas that need attention. Administration will come to Council with a special assessment plan to make those repairs. Murphy stated that a good deal of sidewalk that needs repairing is showing a condition where a slab is raised. Spallasso is looking into the cost of a grinder and contracting out to have sidewalk edges ground down.

Craig suggested that Council consider changing its special assessment policy for sidewalk repairs along major roads in light of the Village Pathways Plan. Sidewalk along 14 Mile Road will service the community not only the abutting residences. The Village could purchase the equipment for shoveling snow off sidewalks on major roads.

Murphy was asked to provide Council with information for discussion of this topic at a future meeting.

A recess was called at 8:30 p.m. The meeting reconvened at 8:40 p.m.

Council discussed municipal property site improvements. There is no money budgeted for the public works area of the municipal site. Murphy stated that administration did apply for a grant that would allow the Village to make improvements to the site. Murphy was asked to look into what could be done to improve the site over the course of the year.

It has been brought to administration's attention that the Southfield Road commercial area has not been well maintained. The Village charges businesses along Southfield Road a special

assessment for water for lawn sprinkling and landscaping maintenance. Murphy asked Council if it wants administration to contract to have that neighborhood cleaned up and assessed. The majority of Council members were opposed to getting into the business of cleaning up private property. It was suggested that the Village use code enforcement to this end when possible.

In review of the Local Road Fund, Council considered the amount allocated for concrete road repairs. The Village spent \$106,000 on concrete work this year and \$232,000 the previous year. The amount budgeted for 2002/03 is \$100,000. Spallasso indicated that he could spend \$200,000 on a concrete repair program next year. Council agreed to a \$200,000 concrete repair program for 2002/03. The additional money will be taken from the Local Street Fund.

Council discussed the General Obligation Debt budget. It was the sense of Council that all Village debt should be reviewed on a regular basis to determine whether refinancing at a lower interest rate is appropriate.

Murphy concluded that the Village staff did a great job putting these narratives together. Stearn was pleased that Council is making policy decisions at a budget session as opposed to reviewing the budget by line item.

Norm Downey of 23042 Nottingham commented that he is impressed with the good work this Council is doing. He is grateful for the time, energy, and knowledge being contributing by the members of Council. Downey is sorry that two of individuals are not coming back.

Motion by Craig to adjourn the meeting at 9:15 p.m.

Motion passed unanimously.

Todd Stearn
Council President

Ellen E. Marshall
Village Clerk

Susan Bernard
Recording Secretary